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ED/EC OM-17

August 15, 1955

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

To: Working Group I
From: Chairman, EDAC Executive Committee
Subject: Review of Criteria

1. The Report of Review of Economic Defense Policy submitted to the CFEP on July 8 stated that "Intensified study should proceed on possible revision of criteria for placing commodities on the export control lists, including in such studies a detailed consideration of means for imposing the greatest economic cost on the Soviet bloc". (Summary, p. ii.)
2. It is noted that the Report also contained the following statement: "For the present the scope and severity of the control program should remain approximately as now constituted". (Summary, p. ii.)
3. The Report proper stated that "Several techniques now under study offer some promise of advancing the effectiveness of the program, of rendering it more flexible and of avoiding some of the controversies experienced with our allies over the appropriate interpretation of the agreed criteria, or listing guides". The Report cited the "relative cost" approach (Staff Study No. 1), "key category" approach, and "mobilization base" approach, and stated that "All these techniques, and others, should be seriously studied; explored with our allies, whenever feasible; and incorporated within the control system whenever found suitable for either unilateral or multilateral acceptance, whether as a substitute for, or a supplement to, the existing techniques". (Report, p. 14.)
4. As part of an EDAC Work Program based on the Report to the CFEP, Working Group I is instructed to initiate immediately and carry through as quickly as possible a study of how the general conclusions reported to the CFEP with respect to criteria, and the analysis contained in Staff Study No. 1, might be given real meaning in the practical operations of the multilateral and U.S. export control programs. Specifically, the Working Group should:
 - a. With respect to controls to the Soviet bloc in Europe, review the commodity listing problems currently unresolved in COCOM, e.g., rolling

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mills, copper wire, ships, and the commodity control problems in some stage of consideration in Washington alone, e.g., borax and horizontal boring machines; and, utilizing such new techniques as are mentioned in the Report, analyze such problems sufficiently to:

(1) improve our own appreciation of the importance of these and similar items in terms of the "truths" stated in the Report (pp. 11-12);

(2) select new lines of argumentation that might be persuasive to other PC's on these and similar items;

(3) improve our own understanding of where additional time spent with such techniques will lead us.

b. With respect to China controls, study the following questions:

(1) In what ways would it be desirable to modify the existing criteria, considering the techniques mentioned in the Report, if the multi-lateral control system were to be operated on the basis of general uniformity towards the entire Soviet bloc?

(2) Would such modifications lead us to conclude that the general uniformity should be at the current COCOM level, or at a substantially higher level?

(3) What should be the criteria for exceptions to the general rule of uniformity?

(4) If a differential is still to be maintained in the control levels, but must be adjusted to some degree, what would be the most effective rationale for negotiating the retention of the maximum differential.

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